

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2924 - HB 3209

January 28, 2010

SUMMARY OF BILL: Authorizes franchise and excise tax credits to taxpayers who make qualified education donations to student scholarship organizations. The amount of tax credits awarded to any taxpayer shall not exceed the actual amount donated or 75 percent of the taxpayer's franchise and excise tax liability for the tax year in which the donation is made, whichever is less. Limits the aggregate amount of tax credits to \$50,000,000 in any tax year. Requires the Department of Revenue (DOR) to provide a list of student scholarship organizations receiving contributions from taxpayers who have been granted tax credits to the General Assembly by January 30 of each year. Requires the Department of Education (DOE) to maintain on its Web site a current list of all student scholarship organizations. Authorizes the Commissioners of Revenue and Education to promulgate rules and regulations.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds \$5,000,000/Recurring
Increase State Expenditures - \$200,000/One-Time**

Other Fiscal Impact – The decrease to state revenue has been conservatively estimated to exceed \$5,000,000 per year. When taking the five-year carry-forward provision into account, the actual decrease to state revenue could be up to the proposed maximum of \$50,000,000 per year.

Assumptions:

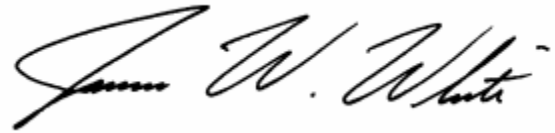
- The fiscal impact of this legislation is dependent upon several unknown factors such as the number of taxpayers that will make qualified donations, the extent of taxpayer liabilities, and the extent of donations actually made.
- Determining a precise fiscal impact for this bill is problematic due to the extent of unknown factors. However, the decrease to state revenue is reasonably estimated to exceed \$5,000,000 per year.
- Given that this legislation allows a taxpayer to carry forward any unused tax credits for a period up to five years following any related donation, the decrease to state revenue could be up to the aggregate maximum of \$50,000,000 per year.
- According to DOR, this bill would require changes to the franchise and excise tax return forms and to departmental computer systems and software. Based on information provided by DOR, the related increase to one-time state expenditures is estimated to be \$200,000.

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- Any increase to state expenditures for DOR reporting requirements is estimated to be not significant.
- Any increase to state expenditures for DOE to maintain on its Web site a current list of all student scholarship organizations is estimated to be not significant.
- Any increase to state expenditures for the Commissioners of Revenue and Education to promulgate rules and regulations is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc